

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-01 INR-10 NSAE-00 SP-02 STR-07 TRSE-00 LAB-04
SIL-01 OMB-01 DODE-00 PM-05 H-02 L-03 NSC-05
PA-02 SS-15 ICA-20 HA-05 /110 W
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R 171803Z APR 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 6051
INFO ALL EC CAPITALS

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USEEC

E.O. 11652: N/A
TAGS: EEC, SOCI, SHUM
SUBJ: REVISION OF EUROPEAN SOCIAL FUND

1. THE EC COMMISSION IS CONTINUING ITS EFFORTS TO FOCUS THE \$630-MILLION-A-YEAR RESOURCES OF THE EUROPEAN SOCIAL FUND (ESF) ON CURRENT EMPLOYMENT PROBLEMS IN THE COMMUNITY. THE MOST PRESSING OF THESE PROBLEMS IS YOUTH UNEMPLOYMENT, WHICH AFFECTS AN ESTIMATED TWO MILLION PERSONS 25 OR YOUNGER, A THIRD OF THE CURRENT 6 MILLION UNEMPLOYED. TO HELP COMBAT THIS PROBLEM, THE EC COMMISSION SENT THE EC COUNCIL APRIL 5 A DRAFT PROPOSAL RECOMMENDING THAT THE ESF SHOULD NO LONGER BE RESTRICTED TO INDIRECT INSTRUMENTS, SUCH AS PROMOTING PROFESSIONAL TRAINING AND THE MOBILITY OF YOUNG WORKERS, BUT THAT IT SHOULD SUPPORT ACTIONS WITH A DIRECT EFFECT ON EMPLOYMENT FOR YOUNG PEOPLE.

2. SPECIFICALLY, THE PROPOSAL CALLS FOR DIRECT PAYMENT OF SUBSIDIES OF 15 EUROPEAN UNITS OF ACCOUNT (EUA) PER WEEK (ONE EUA APPROX. \$1.25), MATCHED BY MEMBER STATE GOVERNMENTS, FOR EMPLOYING YOUNG PEOPLE AND FOR MATCHING
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FUNDING OF PROGRAMS OF GENERAL INTEREST WHICH HELP YOUNG PEOPLE TO FIND WORK. FOR NEW JOBS DETERMINED TO BE IN THE PUBLIC INTEREST, THE SUBSIDY IS TO BE 30 EUA/WEEK. THE PROGRAM, IF APPROVED, WILL GO INTO EFFECT IN 1979. EC COMMISSIONER VREDELING, WHO HOLDS THE SOCIAL AFFAIRS PORTFOLIO, ESTIMATES IT WILL PROVIDE JOBS FOR 150,000

YOUTHS. VREDELING, IN A STATEMENT TO PARLIAMENT LAST WEEK ON THE SUBJECT, SAID: "THE OBJECT OF OUR PROPOSAL IS TO BROADEN SUBSTANTIALLY THE ACTIVITIES OF THE SOCIAL FUND FOR THE BENEFIT OF THE YOUNG UNEMPLOYED--NOT ONLY BECAUSE A LARGE SUM OF MONEY IS INVOLVED (110 MILLION EUA) BUT ALSO BECAUSE THE COMMISSION WANTS TO ADD NEW WEAPONS TO THE ARSENAL WHICH IS ALREADY AT THE DISPOSAL OF THE SOCIAL FUND FOR THE PURPOSE OF HELPING TO FIND WORK FOR YOUNG PEOPLE.

3. THE EFFICIENT USE OF THESE LIMITED FUNDS WILL BE ENHANCED BY A SELECTIVE, CAREFULLY TARGETTED APPROACH WHICH WILL DIRECT THE DISPERSAL OF THE FUNDS IN A PRIORITY SYSTEM IN TUNE WITH OVERALL COMMUNITY PRIORITIES. THE FIRST PRIORITY IS THE POOREST REGIONS OF THE NINE, IDENTIFIED AS THE REPUBLIC OF IRELAND, NORTHERN IRELAND, THE MEZZOGIORNO REGION OF ITALY, GREENLAND, AND THE FRENCH OVERSEAS DEPARTMENTS AS WELL AS OTHER AREAS WHICH HAVE A SIGNIFICANTLY HIGH RATE OF YOUTH UNEMPLOYMENT. WOMEN WILL ALSO RECEIVE SPECIAL PRIORITY. FOLLOWING THE FOREGOING PRIORITIES, ATTENTION WILL BE GIVEN TO PROJECTS WHICH CREATE LONG-TERM EMPLOYMENT, EXPERIMENTAL PROGRAMS, JOBS IN SMALL-MEDIUM SIZE BUSINESSES, CRAFT INDUSTRIES, SMALL TOWNS AND RURAL AREAS.

4. THESE COMMUNITY PRIORITIES ARE REFLECTED IN OTHER ESF REVISIONS, APPROVED BY THE EC SOCIAL AFFAIRS COUNCIL ON UNCLASSIFIED

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DECEMBER 20, 1977 (OJ-L331, 12/27/77), WHICH TOOK EFFECT JANUARY, 1978. THE PROPORTION OF THE ESF RESERVED FOR THE COMMUNITIES' POOREST REGIONS WAS INCREASED FROM 50 PERCENT TO 60 PERCENT, AND THE PERMISSIBLE PERCENTAGE THAT THE ESF CAN FURNISH FOR INDIVIDUAL PROGRAMS WAS ALSO INCREASED FROM A MAXIMUM OF 50 PERCENT TO 60 PERCENT. IN SPITE OF EFFORTS BY MEMBER STATES AND VARIOUS EC FINANCIAL INSTRUMENTS INCLUDING THE ESF, THE GAP BETWEEN THE COMMUNITIES' RICHEST AND POOREST REGIONS HAS GROWN FROM 5-1 IN 1973 TO 6-1, ACCORDING TO EC STATISTICS.

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5. WOMEN 25 AND OVER HAVE ALSO BEEN SINGLED OUT TO RECEIVE ESF AID TO ASSIST THEIR ENTERING OR RE-ENTERING THE JOB MARKET. SINCE APRIL 1976 UNEMPLOYMENT AMONG WOMEN INCREASED BY ALMOST 15 PERCENT AS COMPARED WITH A 0.9 PERCENT INCREASE AMONG MEN. THE COMMISSION ESTIMATES THAT 8 MILLION EUA WILL BE SPENT TO HELP 6,000 WOMEN IN 1978.

THE NEW GUIDELINES FOR WOMEN STEM FROM THE MARCH 1977 EUROPEAN COUNCIL MEETING WHICH AGREED THAT THE COMMUNITY SHOULD INCREASE ITS EFFORTS TO PROMOTE EMPLOYMENT OF WOMEN. PREVIOUSLY, THE ESF COULD PROVIDE LIMITED ASSISTANCE TO WOMEN OVER 35 ENTERING THE JOB MARKET FOR THE FIRST TIME, OR WHOSE QUALIFICATIONS WERE NO LONGER NEEDED. THE COMMISSION HAD ORIGINALLY PLANNED A REVISION TO COVER WOMEN 25 OR OVER SEEKING TO RE-ENTER THE LABOR MARKET ON THE ASSUMPTION THAT THE GENERAL PROBLEM OF FEMALE UNEMPLOYMENT COULD BE HANDLED IN THE BROAD CONTEXT OF THE ESF. ACCORDING TO THE COMMISSION'S DG-V (SOCIAL AFFAIRS) OFFICIAL AND POLITICAL PRESSURES CAUSED THE EXPANDED PROGRAM WHICH INCLUDES PROVISIONS FOR ORIENTATION PRIOR TO VOCATIONAL TRAINING AND JOB PLACEMENT.

6. NEW GUIDELINES BROADENING THE TYPES OF ASSISTANCE AVAILABLE TO MIGRANT WORKERS AND INSTITUTING IMPROVED UNCLASSIFIED

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ADMINISTRATIVE PROCEDURES ARE ALSO NOW IN EFFECT. THE ESF CONTINUES TO AID THE HANDICAPPED AND WORKERS IN DECLINING SECTORS SUCH AS AGRICULTURE AND TEXTILES.

7. IN A RECENT CONVERSATION WITH MISSION OFFICERS, WOLFGANG STABENOW, DG-V OFFICIAL RESPONSIBLE FOR THE ESF, EXPRESSED SATISFACTION WITH RECENT REVISIONS, STATING THEY REPRESENTED ABOUT 75 PERCENT OF WHAT HE HAD HOPED TO OBTAIN. HE ANTICIPATED AN ALMOST 30 PERCENT INCREASE IN THE ESF BUDGET FOR 1979. (IN HIS STATEMENT, VREDELING

ESTIMATED THAT THE MEASURES ON YOUTH UNEMPLOYMENT ALONE
WOULD NECESSITATE A 20 PERCENT INCREASE.)

8. WHEN ASKED ABOUT THE FUTURE DIRECTIONS OF THE ESF,
STABENOW NAMED CHILDREN OF MIGRANT WORKERS AND THE
HANDICAPPED AS THE UPCOMING SOURCES OF CONCERN. CHILDREN
OF MIGRANT WORKERS WILL BE ENTERING A TIGHT JOB MARKET
AND WILL BE UNABLE TO COMPETE AGAINST BETTER TRAINED AND
EDUCATED COMMUNITY NATIONALS. HIS MAIN CONCERN REGARDING
HANDICAPPED WORKERS WAS THAT THERE IS A TENDENCY TO
DECREASE EFFORTS FOR THE HANDICAPPED AS GENERAL UNEMPLOY-
MENT RISES. STABENOW BRIEFLY TOUCHED ON THE SUBJECT OF AID
TO DECLINING SECTORS, QUESTIONING, WITH THE EXCEPTION OF
THE STEEL INDUSTRY, WHICH IS ALREADY COVERED BY THE
EUROPEAN COAL AND STEEL COMMUNITY TREATY, TO WHAT EXTENT
A SPECIFIC SECTOR REPRESENTS A COMMUNITY-WIDE PROBLEM
WHICH SHOULD BE HANDLED BY THE ESF.

9. ON BALANCE, STABENOW SEEMED PLEASED WITH BOTH THE PAST
OPERATION OF THE ESF AND WITH ITS PROSPECTS FOR THE
FUTURE. ONE CONTINUING PROBLEM HE MENTIONED WAS THE LACK
OF COMPLETE COMMUNITY CONTROL OVER PROJECT AND PROGRAM
SELECTION, WHICH WILL CONTINUE TO BE THE CASE AS LONG AS A
POLICY OF MATCHING FUNDS IS FOLLOWED, AND WHICH CAN RESULT
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IN LESS THAN OPTIMAL USE OF RESOURCES. HINTON

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